Sinon Corporation

Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinon Corporation

Opinion

We have audited the accompanying financial statements of Sinon Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

<u>Recognition of Revenue</u>

The Company's operating revenue mainly comes from the production and sales of crop protection agents, in which export sales revenue from customers throughout Europe, America and Asia is significant to the overall operating revenue; therefore, we identified validity of the recognition of revenue as a key audit matter. For related accounting policies and detailed information on revenue recognition, refer to Notes 4 and 19.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and assessed the appropriateness of the design and implementation of relevant internal controls over revenue recognition.

2. We performed substantive analytical procedures by sample testing the export sales revenue in subsidiary ledger, and checked the sales receipts and shipping documents to confirm the validity of sales revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SINON CORPORATION

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 223,235	2	$ 714,500	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,359	-	-	-
Notes receivable (Notes 4 and 9)	30,404	-	26,830	-
Trade receivables (Notes 4, 5 and 9)	1,170,343	10	833,047	7
Receivables from related parties (Notes 15, 24, 25 and 26)	1,144,888	9	585,714	5
Other receivables (Note 25)	73,269	1	38,423	1
Inventories (Notes 4 and 10)	1,262,595	10	1,192,296	11
Prepayments (Note 25)	512,786	4	146,424	1
Other current assets	17,922	-	14,783	-
Total current assets	4,454,801	36	3,552,017	31
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Note 8)	100,000	1	-	-
Investments accounted for using the equity method (Notes 4 and 12)	3,250,170	26	3,208,818	28
Property, plant and equipment (Notes 4 and 13)	4,243,027	35	4,479,903	39
Right-of-use assets (Notes 4 and 14)	32,397	-	37,539	-
Deferred tax assets (Notes 4 and 21)	112,383	1	101,475	1
Other non-current assets (Note 26)	79,526	1	43,900	1
Total non-current assets	7,817,503	64	7,871,635	69
TOTAL	$ 12,272,304	100	$ 11,423,652	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15, 24 and 26)	$ 1,656,506	14	$ 642,851	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	388	-	2,353	-
Notes payable	8,232	-	7,953	-
Trade payables	672,864	5	738,631	6
Trade payables to related parties (Note 25)	16,217	-	38,176	-
Other payables (Note 16)	809,281	7	675,338	6
Current tax liabilities (Notes 4 and 21)	155,850	1	85,054	1
Lease liabilities - current (Notes 4 and 14)	13,584	-	13,282	-
Current portion of long-term borrowings (Note 15)	310,000	3	660,000	6
Other current liabilities (Note 19)	31,308	-	68,273	1
Total current liabilities	3,674,230	30	2,931,911	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	375,000	3	655,000	6
Deferred tax liabilities (Notes 4 and 21)	209,026	2	214,290	2
Lease liabilities - non-current (Notes 4 and 14)	19,502	-	24,785	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	452,967	3	457,103	4
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	-	-	3,335	-
Other non-current liabilities	88,803	1	78,100	-
Total non-current liabilities	1,145,298	9	1,432,613	12
Total liabilities	4,819,528	39	4,364,524	38
EQUITY				
Ordinary shares	4,204,926	34	4,204,926	37
Capital surplus	462,192	4	450,304	4
Retained earnings				
Legal reserve	877,587	7	824,492	7
Special reserve	289,799	2	335,172	3
Unappropriated earnings	1,919,579	16	1,534,033	14
Other equity	(301,307)	(2)	(289,799)	(3)
Total equity	7,452,776	61	7,059,128	62
TOTAL	$ 12,272,304	100	$ 11,423,652	100

The accompanying notes are an integral part of the financial statements.

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 19 and 25)	$ 9,318,215	100	$ 8,625,036	100
OPERATING COSTS (Notes 10, 20 and 25)	6,975,929	75	6,561,362	76
GROSS PROFIT	2,342,286	25	2,063,674	24
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	(85,381)	(1)	(4,793)	-
REALIZED GROSS PROFIT	2,256,905	24	2,058,881	24
OPERATING EXPENSES (Notes 20 and 25)				
Selling and marketing expenses	1,308,231	14	1,078,593	13
General and administrative expenses	154,063	2	140,608	2
Research and development expenses	104,018	1	109,672	1
Total operating expenses	1,566,312	17	1,328,873	16
PROFIT FROM OPERATIONS	690,593	7	730,008	8
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 20 and 25)	66,169	1	56,381	1
Other gains and losses (Note 20)	10,938	-	78,476	1
Finance costs (Note 20)	(21,363)	-	(33,622)	-
Share of profit or loss of subsidiaries and associates (Notes 4 and 12)	315,466	3	(35,520)	(1)
Interest income	551	-	1,897	-
Total non-operating expenses	371,761	4	67,612	1
PROFIT BEFORE INCOME TAX	1,062,354	11	797,620	9
INCOME TAX EXPENSE (Notes 4 and 21)	141,440	1	82,027	1
NET PROFIT FOR THE YEAR	920,914	10	715,593	8

(Continued)

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 10,426	-	$ (221,901)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	16,056	-	(5,257)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,085)	-	44,380	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(16,911)	-	43,509	1
Other comprehensive income (loss) for the year, net of income tax	7,486	-	(139,269)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 928,400	10	$ 576,324	7
EARNINGS PER SHARE (Note 22)				
Basic	$ 2.19		$ 1.70	
Diluted	$ 2.19		$ 1.70	

The accompanying notes are an integral part of the financial statements. (Concluded)

SINON CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Note 18)			Other Equity		
	Share Capital (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 4,204,926	$ 450,289	$ 762,674	$ 291,972	$ 1,654,740	$ (341,441)	$ 6,269	$ 7,029,429
Appropriation of 2019 earnings								
Legal reserve	-	-	61,818	-	(61,818)	-	-	-
Special reserve	-	-	-	43,200	(43,200)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)
Other changes in capital surplus	-	15	-	-	-	-	-	15
Net profit for the year ended December 31, 2020	-	-	-	-	715,593	-	-	715,593
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(184,642)	43,509	1,864	(139,269)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	530,951	43,509	1,864	576,324
BALANCE AT DECEMBER 31, 2020	4,204,926	450,304	824,492	335,172	1,534,033	(297,932)	8,133	7,059,128
Appropriation of 2020 earnings								
Legal reserve	-	-	53,095	-	(53,095)	-	-	-
Special reserve	-	-	-	(45,373)	45,373	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)
Other changes in capital surplus	-	11,888	-	-	-	-	-	11,888
Net profit for the year ended December 31, 2021	-	-	-	-	920,914	-	-	920,914
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	18,994	(16,911)	5,403	7,486
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	939,908	(16,911)	5,403	928,400
BALANCE AT DECEMBER 31, 2021	$ 4,204,926	$ 462,192	$ 877,587	$ 289,799	$ 1,919,579	$ (314,843)	$ 13,536	$ 7,452,776

The accompanying notes are an integral part of the financial statements.

SINON CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,062,354	$ 797,620
Adjustments for:		
Depreciation expenses	362,855	376,399
Expected credit loss recognized on trade receivables	1,035	1,660
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(16,469)	2,353
Financial costs	21,363	33,622
Interest income	(551)	(1,897)
Dividend income	-	(581)
Share of profit of subsidiaries and associates	(315,466)	35,520
Gain (loss) on disposal of property, plant and equipment	(1,502)	4,419
Gain on disposal of non-current assets held for sale	(51,382)	-
Impairment loss (gain on reversal of impairment loss) recognized on non-financial assets	(1,573)	23,905
Gain on disposal of investments	-	(156,658)
Unrealized gain on transactions with subsidiaries and associates	85,381	4,793
Net loss on unrealized foreign currency exchange	26,711	13,589
Net gains on modification of leasing arrangement	(26)	(49)
Changes in operating assets and liabilities		
Notes receivable	(3,574)	(950)
Trade receivables	(931,905)	2,991
Other receivables	(34,846)	21,543
Inventories	(68,726)	15,873
Other current assets	(369,501)	28,176
Contract liabilities	(27,904)	43,300
Notes payable	279	953
Trade payables	(86,009)	96,896
Other payables	132,609	(54,431)
Other current liabilities	774	490
Net defined benefit liabilities	6,290	(18,364)
Cash generated from operations	(209,783)	1,271,172
Interest received	551	1,897
Dividends received	184,543	135,075
Interest paid	(21,627)	(36,561)
Income tax paid	(88,901)	(110,350)
Net cash generated from (used in) operating activities	(135,217)	1,261,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortized cost	(100,000)	-
Payments for financial assets and liabilities at fair value through profit or loss	(54,842)	-
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss	49,987	182,958
Proceeds from non-current assets held for sale	123,498	-

(Continued)

SINON CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Payments for property, plant and equipment	$ (157,249)	$ (110,787)
Proceeds from disposal of property, plant and equipment	5,453	134,376
Decrease (increase) in refundable deposits	(1,344)	2,248
Increase in prepayments for equipment	(61,603)	(27,801)
Net cash generated from (used in) investing activities	(196,100)	180,994
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,019,627	(209,877)
Decrease in short-term bills payable	-	(20,000)
Proceeds from long-term borrowings	150,000	460,000
Repayments of long-term borrowings	(780,000)	(892,203)
Increase in guarantee deposits received	868	392
Repayment of the principal portion of lease liabilities	(15,691)	(15,477)
Dividends paid to owners of the Company	(546,625)	(546,625)
Unclaimed dividends	11,873	-
Net cash used in financing activities	(159,948)	(1,223,790)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(491,265)	218,437
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	714,500	496,063
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 223,235	$ 714,500

The accompanying notes are an integral part of the financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinon Corporation (the "Company") was incorporated in November 1963. It mainly manufactures and sells various chemicals and fertilizer.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 14, 1989.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 18, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

b. New IFRSs endorsed into effect in 2022 by the FSC

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the company basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencie

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods, merchandise and inventories in transit and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

1) Investments in subsidiaries

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the company financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of the equity of associates.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company' financial statements only to the extent that interests in the associate are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use asset

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

   Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

   a) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 24.

   b) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

      Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables, other receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

      Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

      i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

      ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

      A financial asset is credit impaired when one or more of the following events have occurred:

      i. Significant financial difficulty of the issuer or the borrower;

      ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime Expected Credit Loss (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

a) Internal or external information show that the debtor is unlikely to pay its creditors.

b) When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

1) Subsequent measurement

   Except for the financial liabilities classified as at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method.

   The financial liabilities classified as at FVTPL are held for trading, with any gain or loss arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

   The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods, such as when the goods are delivered to the customers' specified locations.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the company balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the company balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Estimated Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH

	December 31	
	2021	2020
Cash on hand	$ 30,962	$ 32,528
Checking accounts and demand deposits	192,273	660,159
Cash equivalents		
Time deposits	-	21,813
	$ 223,235	$ 714,500

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 19,359	$ -
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 388	$ 2,353

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Outstanding foreign exchange forward contracts were as follows:

	Maturity Date	Notional Amount (In Thousands)
December 31, 2021		
Sell BRL/Buy USD	January 2022 to June 2022	BRL101,217/USD18,180
Sell JPY/Buy NTD	January 2022	JPY48,329/NTD11,869
December 31, 2020		
Sell BRL/Buy USD	May 2021 to November 2021	BRL31,617/USD5,932

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	**2020**
Bank debentures	$ 100,000	$ -
Maturity date	July 2024 to September 2026	-
Interest (%)	0.35-0.40	-

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 30,404	$ 26,830
Less: Allowance for impairment loss	-	-
	$ 30,404	$ 26,830
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,174,831	$ 836,500
Less: Allowance for impairment loss	(4,488)	(3,453)
	$ 1,170,343	$ 833,047

a. Notes receivable

In determining the recoverability of the notes receivable, the Company considered any change in the credit quality of the notes receivable since the date credit was initially granted to the end of the reporting period. The Company continuously accessed and monitored the reference to past default experience of its counterparties and the analysis of their current financial position to access if credit risk has increased since initial recognition.

Aging analysis of notes receivable

	December 31	
	2021	**2020**
Not past due	$ 30,404	$ 26,830
Past due	-	-
Total	$ 30,404	$ 26,830

b. Trade receivables

The Company determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms. No interest was charged on trade receivables. When determining the recoverability of trade receivable, the Company considers any change in the receivables from the original credit date to the credit quality of the balance sheet. Allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

	Not Past Due	**1 to 90 Days**	**91 to 180 Days**	**Over 180 Days**	**Total**
December 31, 2021					
Expected credit loss rate	0.02%	0.29%	12%	100%	
Gross carrying amount	$ 1,125,186	$ 49,645	$ -	$ -	$ 1,174,831
Loss allowance (Lifetime ECLs)	(4,344)	(144)	-	-	(4,488)
Amortized cost	$ 1,120,842	$ 49,501	$ -	$ -	$ 1,170,343
December 31, 2020					
Expected credit loss rate	0.02%	0.29%	12%	100%	
Gross carrying amount	$ 821,130	$ 15,370	$ -	$ -	$ 836,500
Loss allowance (Lifetime ECLs)	(3,429)	(24)	-	-	(3,453)
Amortized cost	$ 817,701	$ 15,346	$ -	$ -	$ 833,047

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 3,453	$ 1,793
Net remeasurement of loss allowance	1,035	1,660
Balance at December 31	$ 4,488	$ 3,453

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 122,219	$ 105,642
Finished goods	263,252	263,485
Work in progress	161,127	298,021
Raw materials and supplies	706,580	522,544
Inventory in transit	9,417	2,604
	$ 1,262,595	$ 1,192,296

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 6,977,502	$ 6,537,457
Inventory write-downs (reversed)	(1,573)	23,905
	$ 6,975,929	$ 6,561,362

Reversal of inventory write-downs were due to increased selling prices in certain markets.

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In September 2021, the Company entered into an agreement to dispose of the land and building located at Fengyuan District, Taichung City; the total contract price was $1232,498 thousand and the relevant disposal procedures have been completed in December 2021. The Company has recognized disposal benefits of $51,382 thousand in 2021.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2021		2020	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Investment in subsidiaries - unlisted companies				
Sinon Cayman Corporation (“Sinon Cayman”)	$ 1,453,211	100	$ 1,463,942	100
Yumei Biotec Co., Ltd. (“Yumei Biotec”)	553,143	100	516,271	100
Hsing Wei Corporation (“Hsing Wei”)	494,470	100	462,794	100
Taiwan Fresh Supermarket Co., Ltd. (“TFS”)	379,355	88	342,783	88
Syntai Chemicals Ltd. (“Syntai Chemicals”)	279,837	100	277,330	100
Sinon Do Brazil Ltda. (“Sinon Brazil”) (Note 1)	32,335	100	94,484	100
Sinon Australia Pty Limited (“Sinon Australia”) (Note 1)	5,603	100	7,940	100
Sinon (Thailand) Co., Ltd. (“Sinon Thailand”) (Note 2 and 3)	4,115	100	(3,335)	100
Sinon Trading Co., Ltd. (“Sinon Trading”) (Note 2)	1,110	100	1,007	100
Sinon Eu GmbH (“Sinon Germany”) (Note 2)	950	100	1,142	100
Sinon USA, Inc. (“Sinon USA”) (Note 2)	350	100	591	100
	3,204,479		3,164,949	
Investment in associates - unlisted companies				
Knowledge & Service Information Co., Ltd. (“K&S”)	45,691	49	40,534	49
	3,250,170		3,205,483	
Add: Investments accounted for using the equity method - credit balance	-		3,335	
	$ 3,250,170		$ 3,208,818	

Note 1: The Company’s board of directors approved to increase the capital of Sinon Brazil and Sinon Australia by the transfer of accounts receivable totaling $374,721 thousand and $80,812 thousand in November 2020.

Note 2: The financial statements of insignificant subsidiaries had not been audited. However, the Company believes that had those companies’ financial statements been audited, any adjustments would have no material effect on the Company’s financial statements.

Note 3: The Company holds 49% of Sinon Thailand, and the remaining 51% investments held by entrusting others due to local laws and regulations. The investments has security measures, and the Company still has 100% control.

The summarized financial information in respect of the Company's associates is set out below:

	For the Year Ended December 31	
	2021	**2020**
The Company's share of :		
Net profit for the year	$ 3,764	$ 5,506
Other comprehensive income	5,980	1,326
Total comprehensive income	$ 9,744	$ 6,832

See Table 5 and 6 for the nature of activities, principal place of business and countries of incorporation of the associates.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	**2020**
Assets used by the Company	$ 4,117,158	$ 4,398,832
Assets leased under operating leases	125,869	81,071
	$ 4,243,027	$ 4,479,903

Part of the land, which is restricted to agricultural use, is registered in the name of another person. However ,the Company retains control over the land. As of December 31, 2021 and 2020, the land held in the name of the other person was $99,307 thousand and $100,689 thousand, respectively.

a. Assets used by the Company

	For the Year Ended December 31, 2021				
	Beginning Balance	**Additions**	**Disposals**	**Reclassification**	**Ending Balance**
Cost					
Land	$ 3,001,360	$ -	$ (6,417)	$ (89,964)	$ 2,904,979
Buildings	1,029,860	4,399	(1,037)	(76,590)	956,632
Machinery and equipment	2,343,187	18,354	(14,823)	36,322	2,383,040
Transportation equipment	35,813	604	(370)	-	36,047
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,260,941	56,769	(43,451)	22,218	1,296,477
Property under construction	115,837	77,123	-	(36,396)	156,564
	7,811,862	$ 157,249	$ (66,098)	$ (144,410)	7,758,603

(Continued)

	For the Year Ended December 31, 2021				
	Beginning Balance	**Additions**	**Disposals**	**Reclassification**	**Ending Balance**
Accumulated depreciation					
Buildings	$ 474,283	$ 39,829	$ (1,026)	$ (54,801)	$ 458,285
Machinery and equipment	1,933,619	168,255	(14,813)	-	2,087,061
Transportation equipment	31,206	1,928	(370)	-	32,764
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	946,458	135,787	(43,338)	(436)	1,038,471
	3,410,430	$ 345,799	$ (59,547)	$ (55,237)	3,641,445
Accumulated impairment					
Buildings	2,600	$ -	$ (2,600)	$ -	-
	$ 4,398,832				$ 4,117,158

(Concluded)

	For the Year Ended December 31, 2020				
	Beginning Balance	**Additions**	**Disposals**	**Reclassification**	**Ending Balance**
Cost					
Land	$ 3,144,763	$ -	$ (136,450)	$ (6,953)	$ 3,001,360
Buildings	1,020,518	14,769	(5,559)	132	1,029,860
Machinery and equipment	2,336,435	17,608	(49,819)	38,963	2,343,187
Transportation equipment	36,341	445	(973)	-	35,813
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,394,695	37,478	(202,663)	31,431	1,260,941
Property under construction	126,748	40,487	-	(51,398)	115,837
	8,084,364	$ 110,787	$ (395,464)	$ 12,175	7,811,862
Accumulated depreciation					
Buildings	438,557	$ 40,238	$ (4,512)	$ -	474,283
Machinery and equipment	1,797,574	184,610	(48,565)	-	1,933,619
Transportation equipment	29,568	2,611	(973)	-	31,206
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,017,217	131,860	(202,619)	-	946,458
	3,307,780	$ 359,319	$ (256,669)	$ -	3,410,430
Accumulated impairment					
Buildings	2,600	$ -	$ -	$ -	2,600
	$ 4,773,984				$ 4,398,832

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	5-61 years
Mechanical and electrical facilities	8-21 years
Others	5-31 years
Machinery and equipment	3-18 years
Transportation equipment	4-8 years
Leasehold improvements	2-7 years
Other equipment	3-25 years

b. Assets leased under operating leases

	For the Year Ended December 31, 2021			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost				
Land	$ 47,117	$ -	$ 45,976	$ 93,093
Buildings	65,835	-	-	65,835
	112,952	$ -	$ 45,976	158,928
Accumulated depreciation				
Buildings	31,881	$ 1,178	$ -	33,059
	$ 81,071			$ 125,869

	For the Year Ended December 31, 2020			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost				
Land	$ 40,164	$ -	$ 6,953	$ 47,117
Buildings	65,835	-	-	65,835
	105,999	$ -	$ 6,953	112,952
Accumulated depreciation				
Buildings	30,703	$ 1,178	$ -	31,881
	$ 75,296			$ 81,071

Operating leases relate to lease of land and buildings with lease terms between 2019 and 2026. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	$ 2,604	$ 2,095
Year 2	284	291
Year 3	260	-
Year 4	260	-
Year 5	260	-
	$ 3,668	$ 2,386

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	11-56 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 26,528	$ 31,440
Buildings	985	-
Transportation equipment	4,884	6,099
	$ 32,397	$ 37,539

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 11,480	$ 38,903
Depreciation charge for right-of-use assets		
Land	$ 12,022	$ 11,920
Buildings	246	371
Transportation equipment	3,610	3,611
	$ 15,878	$ 15,902

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 13,584	$ 13,282
Non-current	$ 19,502	$ 24,785

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2021	2020
Land	3.08-3.21	3.21
Buildings	3.08	3.21
Transportation equipment	3.08-3.21	3.08-3.21

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants with lease terms of 2 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 15,046	$ 15,911
Expenses relating to variable lease payments not included in measurement of lease liabilities	$ 1,213	$ 1,092
Total cash outflow for leases	$ (33,141)	$ (33,844)

The Company's leases of certain buildings qualify as short-term leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	$ 1,083,373	$ 548,349
Transferred receivables	287,415	11,166
Loans for purchasing raw material	285,718	83,336
	$ 1,656,506	$ 642,851
Interest (%)		
Unsecured borrowings	0.40-1.17	0.49-1.01
Transferred receivables	0.77	1.25
Loans for purchasing raw material	0.75-0.99	0.79-1.11

Refer to Notes 24, 25 and 26 for information relating to factoring receivables from related parties secured by the Company's accounts receivable.

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	$ 685,000	$ 1,315,000
Less: Current portion	(310,000)	(660,000)
Long-term borrowings	$ 375,000	$ 655,000
Interest rate (%)	0.93-1.14	0.93-1.15

16. OTHER PAYABLES

	December 31	
	2021	2020
Accrued salary and bonus	$ 330,260	$ 273,120
Bonus for employees and remuneration of directors and supervisors	44,265	33,234
Others	434,756	368,984
	$ 809,281	$ 675,338

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 771,289	$ 779,618
Fair value of plan assets	(318,322)	(322,515)
Net defined benefit liabilities	$ 452,967	$ 457,103

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 588,592	$ (335,026)	$ 253,566
Service cost			
Current service cost	6,825	-	6,825
Past service cost and loss (gain) on settlements	4,345	(2,460)	1,885
Recognized in profit or loss	11,170	(2,460)	8,710
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,350)	(11,350)
Actuarial loss			
- changes in demographic assumptions	219	-	219
- experience adjustments	200,783	-	200,783
- changes in financial assumptions	32,249	-	32,249
Recognized in other comprehensive income	233,251	(11,350)	221,901
Contributions from the employer	-	(25,160)	(25,160)
Benefits paid	(53,395)	51,481	(1,914)
	(53,395)	26,321	(27,074)
Balance at December 31, 2020	779,618	(322,515)	457,103
Service cost			
Current service cost	10,265	-	10,265
Past service cost and loss (gain) on settlements	2,678	(1,087)	1,591
Recognized in profit or loss	12,943	(1,087)	11,856
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,871)	(4,871)
Actuarial loss (gain)			
- changes in demographic assumptions	2,218	-	2,218
- experience adjustments	19,875	-	19,875
- changes in financial assumptions	(27,648)	-	(27,648)
Recognized in other comprehensive income	(5,555)	(4,871)	(10,426)
Contributions from the employer	-	(3,957)	(3,957)
Benefits paid	(15,717)	14,108	(1,609)
	(15,717)	10,151	(5,566)
Balance at December 31, 2021	$ 771,289	$ (318,322)	$ 452,967

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rate	0.70%	0.35%
Expected rate of salary increase	3%	3%
Turnover rates	0.33%	0.44%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (19,167)	$ (20,388)
0.25% decrease	$ 19,862	$ 21,158
Expected rate of salary increase		
0.25% increase	$ 19,364	$ 20,553
0.25% decrease	$ (18,791)	$ (19,920)
Turnover rate		
10% increase	$ (82)	$ (108)
10% decrease	$ 82	$ 108

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	**2020**
Expected contributions to the plan for the next year	$ 5,559	$ 5,366
Average duration of the defined benefit obligation	10 years	10 years

18. EQUITY

a. Ordinary shares

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	420,492	420,492
Shares issued	$ 4,204,926	$ 4,204,926

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from conversion of bonds	$ 394,097	$ 394,097
Arising from treasury share transactions	51,819	51,819
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,430	3,430
<u>May only be used to offset a deficit</u>		
Others	12,846	958
	$ 462,192	$ 450,304

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholder's meeting.

The Articles also provide that, in line with the Company's continuing growth, cash dividends payable may not be lower than 30% of the total dividends distributed. If total dividends to be distributed are under NT$100,000 thousand, the limitation can be waived.

The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 53,095	$ 61,818
Special reserve	(45,373)	43,200
Cash dividends	546,640	546,640
Cash dividends per share (NT$)	1.3	1.3

The above appropriation of earnings as cash dividends had been resolved by the Company's board of directors in March 2021 and 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings in August 2021 and June 2020, respectively.

The appropriations of earnings and dividends per share for 2021 were proposed by the Company's board of directors in March 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	$ 93,992
Reverse special reserve	11,509
Cash dividends	756,887
Cash dividends per share (NT$)	1.8

The appropriation of earnings for 2021 is subject to resolution of the shareholders in their meeting to be held in June 2022.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 9,318,215	$ 8,625,036

Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable and trade receivables	$ 2,345,635	$ 1,445,591	$ 1,928,335
Contract liabilities - current			
Sale of goods	$ 19,708	$ 47,612	$ 4,312

The changes in the contract liability balances primarily resulted from the timing differences between the Company's satisfaction of performance obligations and the customer's payment. Revenue recognized from contract liabilities at the beginning of the year in 2021 and 2020 was $40,560 thousand and $4,312 thousand, respectively.

20. COMPREHENSIVE INCOME FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	$ 40,922	$ 40,467
Others	25,247	15,914
	$ 66,169	$ 56,381

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange loss	$ (57,631)	$ (69,010)
Gain on disposal of non-current assets held for sale (Note 11)	51,382	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	16,469	(2,353)
Gain (loss) on disposal of property, plant and equipment	1,502	(4,419)
Gain on disposal of investments	-	156,658
Others	(784)	(2,400)
	$ 10,938	$ 78,476

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 20,422	$ 32,298
Interest on lease liabilities	1,191	1,364
Other finance costs	1,348	1,826
	22,961	35,488
Less: Amounts included in the cost of qualifying assets	(1,598)	(1,866)
	$ 21,363	$ 33,622

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 1,598	$ 1,866
Capitalization rate (%)	1.07	1.42

d. Depreciation

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 294,863	$ 305,006
Operating expenses	67,992	71,393
	$ 362,855	$ 376,399

e. Employee benefits expense

	Operating Costs	Operating Expenses	Total
For the year ended December 31, 2021			
Salary and wages	$ 303,553	$ 765,496	$ 1,069,049
Labor and health insurance costs	29,683	59,427	89,110
Post-employment benefits			
Defined contribution plans	11,777	23,291	35,068
Defined benefit plans	2,302	9,554	11,856
Remuneration of directors	-	40,065	40,065
Other employee benefits	8,218	27,184	35,402
For the year ended December 31, 2020			
Salary and wages	294,960	704,629	999,589
Labor and health insurance costs	27,117	56,187	83,304
Post-employment benefits			
Defined contribution plans	11,304	22,305	33,609
Defined benefit plans	2,684	6,026	8,710
Remuneration of directors	-	31,058	31,058
Other employee benefits	8,382	27,167	35,549

For the years ended December 31, 2021 and 2020, the Company had an average of 1,375 employees, which included 7 non-employee directors in both years; the calculation basis is as same as average labor cost. Average labor cost for the years ended December 31, 2021 and 2020 was $907 thousand and $849 thousand, respectively, while average salary and bonus was $781 thousand and $731 thousand, respectively. The average salary and bonus increased by 7% year over year.

The Company set up an audit committee to replace the supervisor. The Company's remuneration policies of directors and managers are mainly based on their participation in the Company's operations and contributions and are paid with reference to the level of the industry. The policy, structure and standard of remuneration have been reviewed and approved by the remuneration committee.

1) The payment of remuneration of directors is also based on the results of the director's performance evaluation for the year, including the degree of participation in the Company's operations, achievement of the Company's goals and tasks, and awareness of directors' responsibilities.

2) The payment of remuneration of managers shall be approved according to the personnel management and welfare regulations. The payment of remuneration was assessed every quarter regularly and is based on managers' contributions, such as the achievement of the business plan and the growth situation.

The Company's compensation policies of employees not only set reasonable remuneration standards based on the labor market, but also provide stability based on factors, such as rank and personal academic experience, professional skills, work performance, seniority, workload, etc. The salary adjustment policy does not involve gender differences. In addition, based on the Company's operating performance and assessment results of employees, performance bonuses will be issued to share operating results with employees.

f. Employees' compensation and remuneration of directors

The amendments explicitly stipulate that the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors in March 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 11,066	1%	$ 8,309
Remuneration of directors	3%	33,199	3%	24,925

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 160,963	$ 146,208
Adjustments for prior years	(1,266)	(24,556)
	159,697	121,652
Deferred tax		
In respect of the current year	(17,924)	(6,204)
Adjustments for prior years	(333)	(33,421)
	(18,257)	(39,625)
Income tax expense recognized in profit or loss	$ 141,440	$ 82,027

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	$ 212,471	$ 159,524
Nondeductible expenses in determining taxable income	256	1,378
Tax-exempt income	(66,701)	(74,636)
Investment tax credits	(2,069)	(2,076)
Land value incremental tax	5,107	5,190
Unrecognized loss deductible temporary differences	(6,025)	50,624
Adjustments for prior years' tax	(1,599)	(57,977)
Income tax expense recognized in profit or loss	$ 141,440	$ 82,027

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 76,881	$ (5,705)	$ (2,085)	$ 69,091
Unrealized gross profit	4,004	17,077	-	21,081
Provisions for inventory write-downs	16,913	(315)	-	16,598
Unrealized exchange loss	2,718	2,624	-	5,342
Others	959	(688)	-	271
	$ 101,475	$ 12,993	$ (2,085)	$ 112,383
Deferred tax liabilities				
Temporary differences				
Land appreciation tax	$ 170,048	$ (7,554)	$ -	$ 162,494
Foreign investment income	44,242	(1,504)	-	42,738
Others	-	3,794	-	3,794
	$ 214,290	$ (5,264)	$ -	$ 209,026

	For the Year Ended December 31, 2020			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 29,210	$ 3,291	$ 44,380	$ 76,881
Provisions for inventory write-downs	12,132	4,781	-	16,913
Unrealized gross profit	3,046	958	-	4,004
Unrealized exchange loss	5,669	(2,951)	-	2,718
Others	939	20	-	959
	$ 50,996	$ 6,099	$ 44,380	$ 101,475
Deferred tax liabilities				
Temporary differences				
Land appreciation tax	$ 203,497	$ (33,449)	$ -	$ 170,048
Foreign investment income	44,319	(77)	-	44,242
	$ 247,816	$ (33,526)	$ -	$ 214,290

c. Deductible temporary differences which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2021	2020
Deductible temporary differences	$ 190,091	$ 220,070

d. Income tax examinations

Income tax returns through 2019 of the Company have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Amounts (Numerator)	Number of Shares (Denominator) (In Thousands)	EPS (NT$)
For the year ended December 31, 2021			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 920,914	420,492	$ 2.19
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	471	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 920,914	420,963	$ 2.19
For the year ended December 31, 2020			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 715,593	420,492	$ 1.70
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	504	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 715,593	420,996	$ 1.70

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising share capital, capital surplus, retained earnings and other equity).

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Foreign exchange forward contractors	$ -	$ 19,359	$ -	$ 19,359
Financial liabilities at FVTPL				
Foreign exchange forward contractors	$ -	$ 388	$ -	$ 388
December 31, 2020				
Financial liabilities at FVTPL				
Foreign exchange forward contractors	$ -	$ 2,353	$ -	$ 2,353

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Equity Instruments	
	Financial Assets at FVTPL	
	2021	2020
Balance at January 1	$ -	$ 23,253
Recognized in profit or loss	-	159,705
Sales	-	(182,958)
Balance at December 31	$ -	$ -

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Reconciliation of Level 3 fair value measurements of financial instruments

The fair values of unlisted equity securities in the ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Fair value of financial instruments not measured at fair value

Owing to the future value of cash and cash equivalents, financial assets at amortized cost, notes receivable and payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their book values. The fair values have been estimated based on the book value on the balance sheet date.

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Amortized cost (1)	$ 2,764,618	$ 2,219,649
Financial assets at FVTPL	19,359	-
Financial liabilities		
Amortized cost (2)	3,923,883	3,492,864
Financial liabilities at FVTPL	388	2,353

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, notes payable, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the Company's board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 28.

Sensitivity analysis

The Company is mainly exposed to the USD and the BRL.

The following table details the Company's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the USD and the BRL strengthening (weakening) 1% against the relevant currency.

	For the Year Ended December 31	
Functional Currency	**2021**	**2020**
USD	$ (2,971)	$ 7,106
BRL	10,451	-

This was mainly attributable to the exposure of outstanding receivables and payables denominated in the USD and the BRL, which were not hedged at the end of the reporting period. The above table details the Company's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant functional currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company deposits and borrows funds at both fixed and floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 100,000	$ 21,813
Financial liabilities	725,724	532,569
Cash flow interest rate risk		
Financial assets	177,332	625,592
Financial liabilities	1,648,868	1,463,349

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period.

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been changed and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $3,679 thousand and $2,094 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities in the amounts of $3,273,260 thousand and $3,889,450 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

Non-derivative Financial Liabilities	**Less Than 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5+Years**
December 31, 2021				
Non-interest bearing liabilities	$ 1,506,594	$ -	$ -	$ -
Lease liabilities	3,775	10,630	20,182	644
Variable interest rate liabilities	791,214	482,654	375,000	-
Fixed interest rate liabilities	245,051	447,587	-	-
	$ 2,546,634	$ 940,871	$ 395,182	$ 644

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+Years
December 31, 2020				
Non-interest bearing liabilities	$ 1,460,098	$ -	$ -	$ -
Lease liabilities	4,904	9,350	25,851	616
Variable interest rate liabilities	282,663	825,686	355,000	-
Fixed interest rate liabilities	40,153	154,349	300,000	-
	$ 1,787,818	$ 989,385	$ 680,851	$ 616

e. Transfers of financial assets

As of December 31, 2021 and 2020, the Company signed a contract for trade receivables factoring in the amount of $359,313 thousand and $13,958 thousand and charged a price of $287,415 thousand and $11,166 thousand, respectively. The contract stipulates that if the accounts receivable cannot be collected, the factor has the right to request the Company to pay the outstanding balance. Thus, the Company did not transfer the significant risks and rewards of the accounts receivable and continues to recognize the collateral of borrowings; refer to Notes 15 and 26.

Information about recognized related assets and liabilities is as follows:

	December 31	
	2021	2020
Secured receivables	$ 359,313	$ 13,958
Transferred receivables	287,415	11,166

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Categories
TFS	Subsidiary
Weightstone Vineyard Estate & Winery Co., Ltd. (“Weightstone”)	Subsidiary
Syntai Chemicals	Subsidiary
Hsing Wei	Subsidiary
Sinon Trading	Subsidiary
Yumei Biotec	Subsidiary
K&S	Associate
Sinon Brazil	Subsidiary
Sinon Australia	Subsidiary
Sinon Thailand	Subsidiary
Sinon USA	Subsidiary
Feng Nien Corporation (“Feng Nien”)	Subsidiary
Zhongshan Sinon Daily Products Co., Ltd. (“Sinon Zhongshan”)	Subsidiary

(Continued)

Related Party Name	Related Party Categories
Sinon Chemical (China) Co., Ltd. ("Sinon China")	Subsidiary
Poise Packing Co., Ltd. ("Poise Packing")	Subsidiary
Sinon Chemical (Nantong) Co. Ltd. ("Sinon Nantong")	Subsidiary

(Concluded)

b. Sales

Related Party Category/Name	For the Year Ended December 31 2021	2020
Subsidiaries		
Sinon Brazil	$ 1,104,142	$ 532,193
Others	284,994	236,950
	$ 1,389,136	$ 769,143

There was no material difference in sales prices and terms between related and third parties. The general credit term was monthly 30 to 60 days and T/T 120 to 360 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2021	2020
Subsidiaries		
Sinon China	$ 863,401	$ 698,358
Others	84,723	107,924
	$ 948,124	$ 806,282

There was no significant difference between related and third parties. The term on purchases of goods was 30-60 days after the transaction date.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31 2021	2020
Subsidiaries		
Sinon Brazil	$ 1,045,149	$ 493,688
Sinon Thailand	51,625	59,245
Others	48,114	32,781
	$ 1,144,888	$ 585,714

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for receivables from related parties. For the amount of the Company's trade receivables factoring and the related information of collateral, refer to Notes 15, 24 and 26.

e. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31 2021	December 31 2020
Subsidiaries	$ 16,217	$ 36,823
Associates	-	1,353
	$ 16,217	$ 38,176

The outstanding trade payables to related parties are unsecured and settled by cash.

f. Other receivables

Related Party Category	December 31 2021	December 31 2020
Subsidiaries	$ 13,480	$ 2,454
Associates	189	189
	$ 13,669	$ 2,643

g. Prepayments

Related Party Category	December 31 2021	December 31 2020
Associates	$ 360	$ -

h. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31 2021	Purchase Price For the Year Ended December 31 2020
Associates	$ 2,980	$ -

i. Others

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
1) Manufacturing and operating expenses		
Subsidiaries	$ 76,625	$ 103,285
Associates	-	2,979
	$ 76,625	$ 106,264
2) Rental income		
Subsidiaries	$ 34,597	$ 34,885
Associates	1,680	1,680
	$ 36,277	$ 36,565

	For the Year Ended December 31	
	2021	2020
3) Other income		
Subsidiaries	$ 4,905	$ 1,978

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 27,186	$ 19,459
Post-employment benefits	357	249
	$ 27,543	$ 19,708

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for commercial paper and bank borrowings:

	December 31	
	2021	2020
Trade receivables from related parties	$ 359,313	$ 13,958
Refundable deposits	13,800	13,800
	$ 373,113	$ 27,758

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $45,665 thousand and $18,201 thousand, respectively.

b. Unrecognized commitments

	December 31	
	2021	2020
Acquisition of property, plant and equipment	$ 20,030	$ 85,604

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency (In Thousands)	**Exchange Rate**	**Carrying Amount**	**Foreign Currency (In Thousands)**	**Exchange Rate**	**Carrying Amount**
Financial assets						
Monetary items						
USD (USD/NTD)	$ 37,972	27.690	$ 1,051,445	$ 49,245	28.508	$ 1,403,876
BRL (BRL/NTD)	210,249	4.971	1,045,149	-	-	-
Non-monetary items						
Investments accounted for using the equity method						
USD (USD/NTD)	52,481	27.690	1,453,211	51,373	28.508	1,464,533
BRL (BRL/NTD)	6,505	4.971	32,335	17,185	5.498	94,484
Financial liabilities						
Monetary items						
USD (USD/NTD)	48,702	27.690	1,348,558	24,317	28.508	693,236

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
USD	28.010 (USD:NTD)	$ (20,336)	29.564 (USD:NTD)	$ (71,601)
BRL	5.201 (BRL:NTD)	(28,282)	5.736 (BRL:NTD)	-

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held: Table 2

4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

9) Trading in derivative instruments: Note 7

10) Information on investees: Table 5

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

e) The highest balance of the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

TABLE 1

SINON CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sinon China	Sinon Zhongshan	Other receivables	Yes	$ 17,672 (RMB 4,000)	$ 17,425 (RMB 4,000)	$ 17,425 (RMB 4,000)	4.000	Short-term financing	$ -	Operation	$ -	-	$ -	$ 329,440 (RMB 75,574)	$ 658,879 (RMB 151,147)
		Poise Packing	Other receivables	Yes	53,016 (RMB 12,000)	26,138 (RMB 6,000)	- (RMB -)	4.568	Short-term financing	-	Operation	-	-	-	329,440 (RMB 75,574)	658,879 (RMB 151,147)

Note 1: The financing amount of the Company should not exceed 10% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 2: The financing amount of the Company should not exceed 20% of the Company's shareholders' equity; that of subsidiaries should not exceed 100% of the subsidiaries' shareholders' equity.

TABLE 2

SINON CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
	Bond						
Sinon Corporation	Hua Nan Commercial Bank 2nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	$ 50,000	-	$ 50,000
	Taipei Fubon Bank 2nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	50,000	-	50,000

SINON CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
Sinon Corporation	Sinon China	Subsidiary	Purchase	$ 863,401	21	30-60 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	$ (3,776)	(1)	
Sinon Corporation	Sinon Brazil	Subsidiary	Sale	(1,104,142)	(12)	T/T 180 to 360 days after the transaction date	There is no significant difference between third parties and related parties	Note	1,045,149	45	
Sinon Corporation	Sinon Thailand	Subsidiary	Sale	(117,040)	(1)	T/T 180 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	51,625	2	

Note: The collection terms of Sinon Brazil depend on operation considerations.

TABLE 4

SINON CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
Sinon Corporation	Sinon Brazil	Subsidiary	$1,045,149	1.44	$ -	-	$ 302,231	$ -

TABLE 5

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Sinon Corporation	Syntai Chemicals	Taichung, ROC	Pharmaceuticals	$ 269,095	$ 269,095	33,000,000	100	$ 279,837	$ 11,973	$ 11,973	Subsidiary
	Hsing Wei	Taichung, ROC	Manufacture and sale of cement	25,609	25,609	33,000,000	100	494,470	77,750	77,754	Subsidiary
	TFS	Taichung, ROC	Supermarket	264,793	264,793	26,379,500	88	379,355	71,736	63,167	Subsidiary
	Yumei	Taichung, ROC	Houseware, catering services and retail of agricultural products	400,167	400,167	20,030,000	100	553,143	124,602	124,742	Subsidiary
	Sinon Trading	Taichung, ROC	Trading	1,001	1,001	100,000	100	1,110	103	103	Subsidiary
	Sinon Cayman	Cayman Islands	Holding company	1,394,195	1,394,195	44,280,000	100	1,453,211	(7,202)	(7,202)	Subsidiary
	Sinon Brazil	Porto Alegre, Brazil	Manufacture and import and export of medical and chemical products	885,100	885,100	101,747,867	100	32,335	35,054	35,054	Subsidiary
	Sinon Australia	Sydney, Australia	Import and export of chemical products	255,360	255,360	10,000,000	100	5,603	(1,751)	(1,751)	Subsidiary
	Sinon Thailand	Bangkok, Thailand	Import and export of chemical products	17,109	17,109	20,000	100	4,115	8,176	8,176	Subsidiary
	Sinon USA	California, USA	Import and export of chemical products	1,689	1,689	50,000	100	350	(226)	(226)	Subsidiary
	Sinon Germany	Hamburg, Germany	Import and export of chemical products	1,049	1,049	25,000	100	950	(88)	(88)	Subsidiary
	K&S	Taichung, ROC	Design and sale of software	18,086	18,086	1,951,900	49	45,691	7,713	3,764	Investments accounted for using the equity method
TFS	Feng Nien	Taichung, ROC	Supermarket	47,271	47,271	1,420,000	100	35,273	7,779	7,779	Indirectly owned subsidiary
Feng Nien	Weightstone	Taichung, ROC	Food and special crops; Retail sale of tobacco and alcoholic drinks	30,000	30,000	1,200,000	100	33,736	1,123	1,123	Indirectly owned subsidiary
Sinon Cayman	Sinon Hong Kong	Wanchai, Hong Kong	Holding company	1,194,827 (USD 37,980)	1,194,827 (USD 37,980)	-	100	1,447,782 (USD 52,274)	28,122 (USD 1,004)	28,122 (USD 1,004)	Indirectly owned subsidiary
K&S	K3 Systems Sdn Bhd	Malaysia	Software design and information security maintenance	2,856	2,856	337,500	45	3,128	(103)	(46)	Investments accounted for using the equity method

Note: The equity-method investees' financial statements, which were used to determine the carrying amount of the Company's investments, have not been reviewed, except for Sinon Thailand, Sinon Germany, Sinon USA, Sinon Trading, Weightstone and K3 Systems sdn Bhd. However, the Company believes that had those companies' financial statements been audited, any adjustment would have no material effect on the Company's financial statements.

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Sinon China	Manufacture and sale of various chemicals	$ 271,113 (US$ 8,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	$ 271,113 (US$ 8,000)	$ -	$ -	$ 271,113 (US$ 8,000)	$ 92,935	100%	$ 92,935	$ 658,879	$ -
Sinon Nantong	Manufacture and sale of various chemicals	1,216,938 (RMB 255,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	923,714 (US$ 29,980)	-	-	923,714 (US$ 29,980)	(54,682)	100%	(54,682)	775,632	-
Poise Packing	Import and export of plastic products	50,426 (RMB 11,000)	The investment was made by the subsidiary located in mainland China directly	-	-	-	-	10,467	100%	10,467	84,875	-
Sinon Zhongshan	Manufacture and sale of grocery, pesticide and plastics	113,083 (US$ 3,700)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	105,354 (US$ 3,400)	-	-	105,354 (US$ 3,400)	(10,131)	100% (Note 2)	(10,131)	12,950	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,300,181	US$ 41,380	No limit (Note 3)

Note 1: The Company recognized its investment gain (loss) based on the audited financial statements as of and for the year ended December 31, 2021.

Note 2: The ownership of Sinon Cayman and Sinon China was 92% and 8%, respectively.

Note 3: According to the "Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, there is no limit on the investment in mainland China since Sinon Corporation acquired the approval from the Industrial Development Bureau the establishment of the Company's operating headquarters in Taiwan.

SINON CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
YunSung Investment Ltd.	37,563,000	8.93%

Note: The information of major shareholders is provided by the Taiwan Depository & Clearing Corporation, and based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company on the last business date of current quarter. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SINON CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Foreign Currency	Exchange Rate	Amount
Cash on hand			$ 30,962
Cash in banks			
Checking accounts			14,941
Demand deposits			77,917
Foreign currency deposits			
USD	2,562	27.690	70,940
GBP	347	37.443	12,984
JPY	53,600	0.240	12,864
AUD	89	20.118	1,800
EUR	15	31.504	474
CNY	81	4.356	353
			192,273
			$ 223,235

SINON CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
A Company	$ 5,139
B Company	3,828
C Company	3,187
D Company	3,102
E Company	1,850
Others (Note)	13,298
	$ 30,404

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

SINON CORPORATION

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
F Company	$ 208,958
G Company	94,262
H Company	87,177
I Company	73,805
J Company	70,535
Others (Note)	640,094
	1,174,831
Less: Allowance for impairment loss	(4,488)
	$ 1,170,343

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

SINON CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Price (Note 1)
Merchandise	$ 122,219	$ 163,452
Finished goods	263,252	529,862
Work in process	161,127	203,121
Raw materials and supplies	706,580	804,362
Inventory in transit	9,417	9,417
	$ 1,262,595	$ 1,710,214

Note 1: Net realizable value is used in the valuation of inventories.

Note 2: Inventories have not been provided as a collateral.

STATEMENT 5

SINON CORPORATION

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayment for purchases	$ 476,802
Prepaid expenses	35,984
	$ 512,786

SINON CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2021								Balance, December 31, 2021			
Investees	**Shares**	**Ownership %**	**Amount**	**Cash Dividends**	**Share of Profit of Associates Accounted for Using the Equity Method**	**Exchange Differences on Translating the Financial Statements of Foreign Operations**	**Others (Note)**	**Realized (Unrealized) Gain on Sale**	**Shares**	**Ownership %**	**Amount**	**Net Assets Value**
Investment in subsidiaries												
Sinon Cayman	44,280,000	100	$ 1,463,942	$ -	$ (7,202)	$ (3,529)	$ -	$ -	44,280,000	100	$ 1,453,211	$ 1,453,211
Yumei Biotec	20,030,000	100	516,271	(87,474)	124,742	-	(396)	-	20,030,000	100	553,143	552,352
Hsing Wei	33,000,000	100	462,794	(46,963)	77,754	-	885	-	33,000,000	100	494,470	493,777
TFS	26,379,500	88	342,783	(35,613)	63,167	-	9,018	-	26,379,500	88	379,355	388,338
Syntai Chemicals	33,000,000	100	277,330	(9,906)	11,973	-	440	-	33,000,000	100	279,837	383,098
Sinon Brazil	101,747,867	100	94,484	-	35,054	(12,389)	-	(84,814)	101,747,867	100	32,335	135,687
Sinon Australia	10,000,000	100	7,940	-	(1,751)	(586)	-	-	10,000,000	100	5,603	5,603
Sinon Thailand	20,000	100	(3,335)	-	8,176	(159)	-	(567)	20,000	100	4,115	6,166
Sinon Trading	100,000	100	1,007	-	103	-	-	-	100,000	100	1,110	1,110
Sinon Germany	25,000	100	1,142	-	(88)	(104)	-	-	25,000	100	950	950
Sinon USA	50,000	100	591	-	(226)	(15)	-	-	50,000	100	350	350
			3,164,949	(179,956)	311,702	16,782)	9,947	(85,381)			3,204,479	$ 3,420,642
Investment in associates												
K&S	1,951,900	49	40,534	(4,587)	3,764	(129)	6,109	-	1,951,900	49	45,691	
			3,205,483	(184,543)	315,466	(16,911)	16,056	(85,381)			3,250,170	
Add: Investments accounted for using the equity method-credit balance			3,335	-	-	-	(3,335)	-			-	
			$ 3,208,818	$ (184,543)	$ 315,466	$ (16,911)	$ 12,721	$ (85,381)			$ 3,250,170	

Note:The Company recognized the unrealized gain and loss on financial assets and the remeasurement of the defined benefit plans based on the share of equity of investees attributable to the Company.

SINON CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSET
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Additions	Disposals	Ending Balance
Cost				
Land	$ 49,490	$ 7,854	$ (12,405)	$ 44,939
Buildings	-	1,231	-	1,231
Machinery and equipment	9,247	2,395	(1,107)	10,535
	58,737	$ 11,480	$ (13,512)	56,705
Accumulated depreciation				
Land	18,050	$ 12,022	$ (11,661)	18,411
Buildings	-	246	-	246
Machinery and equipment	3,148	3,610	(1,107)	5,651
	21,198	$ 15,878	$ (12,768)	24,308
Net right-of-use asset	$ 37,539			$ 32,397

SINON CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
Others (Note)	$ 672,864

Note: The amount to each individual vendor in others does not exceed 5% of the account balance.

SINON CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Borrowing Types and Banks	Maturity Date	Repayment Method	Interest Rates (%)	Current Portion	Long-term Borrowing	Total
Mizuho Bank	2020.11-2023.08	Principal is paid in full upon maturity	(Note)	$ -	$ 300,000	$ 300,000
KGI Commercial Bank	2020.10-2022.03	Principal is paid in full upon maturity	(Note)	150,000	-	150,000
Taishin International Bank	2021.04-2022.01	Principal is paid in full upon maturity	(Note)	100,000	-	100,000
Hua Nan Commercial Bank	2018.09-2023.09	Principal will be paid in equal quarterly installments	(Note)	60,000	45,000	105,000
Taipei fubon Commercial Bank	2020.06-2023.05	Principal is paid in full upon maturity	(Note)	-	30,000	30,000
				$ 310,000	$ 375,000	$ 685,000

Note: The annual interest rate is between 0.93% and 1.14%.

STATEMENT 10

SINON CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Crop protection	$ 8,880,203
Others	590,366
Gross sales	9,470,569
Less: Sales returns	(16,576)
Sales discounts and allowances	(135,778)
Net sales	$ 9,318,215

SINON CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material and supplies, beginning of year	$ 593,121
Raw material and supplies purchased	3,372,261
Raw material and supplies, end of year	(750,715)
Other adjustments	(515,831)
Raw material and supplies used	2,698,836
Direct labor	252,977
Manufacturing expenses	931,086
Manufacturing cost	3,882,899
Work in process, beginning of year	310,522
Work in process purchased	3,549
Work in process, end of year	(192,833)
Other adjustments	2,523
Cost of finished goods	4,006,660
Finished goods, beginning of year	264,885
Finished goods purchased	883
Finished goods, end of year	(270,176)
Other adjustments	(23,467)
Cost of finished goods	3,978,785
Merchandise, beginning of year	108,332
Merchandise purchased	758,652
Cost of triangular trade	1,764,276
Merchandise, end of year	(122,855)
Cost of merchandise	6,487,190
Other adjustments	488,739
Cost of operating costs	$ 6,975,929

SINON CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and annual bonus	$ 688,995	$ 27,305	$ 49,196
Shipping expense	242,584	-	1
Insurance expense	65,323	4,369	6,910
Depreciation expense	18,158	33,824	16,010
Others	293,171	88,565	31,901
	$ 1,308,231	$ 154,063	$ 104,018